

**FSA  
FEDS**



**Save On Health & Dependent Care**

# **The Federal Flexible Spending Account Program**

**(FSAFEDS)**

**2004 Plan Year**

# **FSAFEDS Background**



- ★ **OPM selects SHPS, Inc. as FSAFEDS TPA**
- ★ **Leading FSA administrator**
  - **Financially strong**
  - **300 FSA clients nationally; 800,000+ participants**
  - **Technology leader**

# SHPS Responsibilities as TPA



- ★ **Communications**
- ★ **Enrollment**
- ★ **Eligibility**
- ★ **Payroll provider interface**
- ★ **Reconciliation**
- ★ **Claims processing**
- ★ **Customer service & support**

# Initial FSAFEDS Open Season



★ **2nd half 2003**

★ **Modest expectations**

- **Narrow window after contract award**
- **Ongoing discussions on fees**

★ **30,000 enrolled**

# What is a Flexible Spending Account?



- ★ **Tax-favored benefit program**
- ★ **Tax-free dollars for health and dependent care**
  - **Discount on eligible expenses equal to tax savings**
  - **20-40% savings**
- ★ **Cash management tool**

# Your Annual Tax Savings



**Find your Federal income tax rate**

<b>Tax Rate</b>	<b>Single</b>	<b>Married, joint return</b>	<b>Head of Household</b>
<b>15%</b>	<b>\$7,001-28,400</b>	<b>\$14,001-56,800</b>	<b>\$10,001-38,050</b>
<b>25%</b>	<b>\$28,401-68,800</b>	<b>\$56,801-114,650</b>	<b>\$38,051- 98,250</b>
<b>28%</b>	<b>\$68,801-143,500</b>	<b>\$114,651-174,700</b>	<b>\$98,251-159,100</b>

**Add your other taxes, then multiply by your FSA account(s)**



# Two types of FSAs



## ★ Health Care FSA (HCFSA)

- For qualified medical/health care costs not paid by FEHB or any other insurance

## ★ Dependent Care FSA (DCFSA)

- For eligible dependent care expenses (child care, elder care) so you (and spouse) can work, look for work, or attend school full-time.

# How an FSA works



## ★ Determine your annual contribution

- HCFSA maximum:  
\$3,000/Plan Year per employee
- DCFSA maximum:  
\$5,000/Plan Year per household\*
- \$250 minimum either account

\*including any child care subsidy received



# How an FSA works (cont.)



## ★ Enroll in one or both FSAs

- Authorize payroll deduction

## ★ Submit claims to FSAFEDS

- Documentation required: EOB; detailed receipt; affidavit

## ★ Get Reimbursed

- EFT or check
- New in 2004: Automatic reimbursement

# HCFSA Overview



## ★ Common reimbursable expenses

- › FEHB deductibles, co-payments and coinsurance
- › Dental services
- › Vision services
- › Prescription drugs
- › NEW for 2004: OTC meds

# DCFSA Overview



## ★ Dependent Care Flexible Spending Account (DCFSA)

- Child care or adult dependent care
- Must claim dependent on tax return
- Child(ren) must be under 13

# DCFSA Overview



## ★ Common reimbursable expenses

- Child care at day camp, nursery school, by a private sitter
- Late pickup fees
- Before- and after-school care
- Care of an incapacitated adult living with you
- Housekeeper caring for an eligible dependent.

# Availability of Funds



- ★ **HCFSA: *total* annual election is available when 1<sup>st</sup> allotment received by FSAFEDS**
- ★ **DCFSA: only *current* account balance is available for claim reimbursement**

# **“Use it or lose it”**



- ★ **Plan carefully when making elections**
- ★ **You must forfeit money unspent after Plan Year**
- ★ **Must file claims by April 30<sup>th</sup> after Plan Year end**



# Eligibility for FSAFEDS



## ★ HCFSA

- Must be FEHB *eligible*
- Need not *be enrolled* in FEHB

## ★ DCFSA

- Almost all Federal employees eligible
- Ineligible: intermittent employees expected to work < 180 days

# Enrollment



- ★ **Open Season Nov. 10 - Dec. 8**
- ★ **Two ways to enroll**
  - **Online at [WWW.FSAFEDS.COM](http://WWW.FSAFEDS.COM)**
  - **Call 1-877-FSAFEDS (332-3337)**  
**Mon - Fri 9 am to 9 pm ET**
- ★ **Elect annual amounts for HCFSA and/or DCFSA**

# Enrollment Options



- ★ **Electronic Funds Transfer (EFT)**
- ★ ***NEW* automatic reimbursement option**
- ★ **Accelerated deductions**

# Election Changes



★ **Change elections any time during Open Season**

★ **Qualified Status Change required for election change after Open Season:**

- **Change in marital status**
- **Change in number of dependents**
- **Change in dependents' eligibility**
- **Change in employment or residence status**

# Reimbursement Process



## ★ How do I get my money?

- Automatically, with automatic reimbursement
- Complete claim form
  - Mail to FSAFEDS
  - Fax to 502-267-2233

# Reimbursement Process



## ★ Expenses must be incurred during Plan Year

- Expense incurred when service is received, **not** when you pay for it

## ★ Claims must be filed by April 30<sup>th</sup>

- Account balance(s) unclaimed are forfeited.



# Reimbursement Process



## ★ HCFSA claims documentation

- Explanation of Benefits form (EOB)
- Receipts with signed affidavit

# Reimbursement Process



## ★ DCFSA claims documentation

- Copy of bill or receipt; or
- Provider signs affidavit, and includes tax ID or SSN (required)

# FSAFEDS Resources



## ★ FSAFEDS.COM resources

- Program overview
- “What’s New”: latest updates
- Eligible expenses
- Forms & literature
- Extensive FAQs
- “Enroll Now”

# Contact Us



★ **WWW.FSAFEDS.COM**

★ **FSAFEDS@SHPS.NET**

★ **1-877-FSAFEDS (372-3337)**

**—Benefits Counselors available  
9am—9pm ET, Mon—Fri**

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**Q & A**